

FIRST REGULAR SESSION

# HOUSE BILL NO. 212

## 97TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES COX (Sponsor), BROWN AND CRAWFORD (Co-sponsors).

0535H.01I

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal sections 400.4A-108, 400.9-102, 400.9-307, 400.9-316, 400.9-317, 400.9-326, 400.9-406, 400.9-408, 400.9-502, 400.9-503, 400.9-515, 400.9-516, 400.9-518, and 400.2A-103, RSMo, and to enact in lieu thereof twenty-three new sections relating to secured transactions.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 400.4A-108, 400.9-102, 400.9-307, 400.9-316, 400.9-317, 400.9-326, 400.9-406, 400.9-408, 400.9-502, 400.9-503, 400.9-515, 400.9-516, 400.9-518, and 400.2A-103, RSMo, are repealed and twenty-three new sections enacted in lieu thereof, to be known as sections 400.4A-108, 400.9-102, 400.9-307, 400.9-316, 400.9-317, 400.9-326, 400.9-406, 400.9-408, 400.9-502, 400.9-503, 400.9-515, 400.9-516, 400.9-518, 400.9-801, 400.9-802, 400.9-803, 400.9-804, 400.9-805, 400.9-806, 400.9-807, 400.9-808, 400.9-809, and 400.2A-103, to read as follows:

400.9-102. (a) In this article:

- (1) "Accession" means goods that are physically united with other goods in such a manner that the identity of the original goods is not lost;
- (2) "Account", except as used in "account for", means a right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a policy of insurance issued or to be issued, (iv) for a secondary obligation incurred or to be incurred, (v) for energy provided or to be provided, (vi) for the use or hire of a vessel under a charter or other contract, (vii) arising out of the use of a credit or charge card or information contained on or for use with the card, or (viii) as winnings in a lottery or other game of chance

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

11 operated or sponsored by a state, governmental unit of a state, or person licensed or authorized  
12 to operate the game by a state or governmental unit of a state. The term includes  
13 health-care-insurance receivables. The term does not include (i) rights to payment evidenced by  
14 chattel paper or an instrument, (ii) commercial tort claims, (iii) deposit accounts, (iv) investment  
15 property, (v) letter-of-credit rights or letters of credit, or (vi) rights to payment for money or  
16 funds advanced or sold, other than rights arising out of the use of a credit or charge card or  
17 information contained on or for use with the card;

18 (3) "Account debtor" means a person obligated on an account, chattel paper, or general  
19 intangible. The term does not include persons obligated to pay a negotiable instrument, even if  
20 the instrument constitutes part of chattel paper;

21 (4) "Accounting", except as used in "accounting for", means a record:

22 (A) Authenticated by a secured party;

23 (B) Indicating the aggregate unpaid secured obligations as of a date not more than  
24 thirty-five days earlier or thirty-five days later than the date of the record; and

25 (C) Identifying the components of the obligations in reasonable detail;

26 (5) "Agricultural lien" means an interest, other than a security interest, in farm products:

27 (A) Which secures payment or performance of an obligation for: (i) Goods or services  
28 furnished in connection with a debtor's farming operation; or

29 (ii) Rent on real property leased by a debtor in connection with its farming operation;

30 (B) Which is created by statute in favor of a person that:

31 (i) In the ordinary course of its business furnished goods or services to a debtor in  
32 connection with a debtor's farming operation; or

33 (ii) Leased real property to a debtor in connection with the debtor's farming operation;  
34 and

35 (C) Whose effectiveness does not depend on the person's possession of the personal  
36 property;

37 (6) "As-extracted collateral" means:

38 (A) Oil, gas, or other minerals that are subject to a security interest that:

39 (i) Is created by a debtor having an interest in the minerals before extraction; and

40 (ii) Attaches to the minerals as extracted; or

41 (B) Accounts arising out of the sale at the wellhead or minehead of oil, gas, or other  
42 minerals in which the debtor had an interest before extraction;

43 (7) "Authenticate" means:

44 (A) To sign; or

45 (B) [To execute or otherwise adopt a symbol, or encrypt or similarly process a record in  
46 whole or in part,] With the present intent [of the authenticating person to identify the person and]

47 to adopt or accept a record, **to attach to or logically associate with the record an electronic**  
48 **sound, symbol or process;**

49 (8) "Bank" means an organization that is engaged in the business of banking. The term  
50 includes savings banks, savings and loan associations, credit unions, and trust companies;

51 (9) "Cash proceeds" means proceeds that are money, checks, deposit accounts, or the  
52 like;

53 (10) "Certificate of title" means a certificate of title with respect to which a statute  
54 provides for the security interest in question to be indicated on the certificate as a condition or  
55 result of the security interest's obtaining priority over the rights of a lien creditor with respect to  
56 the collateral. **The term includes another record maintained as an alternative to a**  
57 **certificate of title by the governmental unit that issues certificates of title if a statute**  
58 **permits the security interest in question to be indicated on the record as a condition or**  
59 **result of the security interest's obtaining priority over the rights of a lien creditor with**  
60 **respect to the collateral;**

61 (11) "Chattel paper" means a record or records that evidence both a monetary obligation  
62 and a security interest in specific goods, a security interest in specific goods and software used  
63 in the goods, a security interest in specific goods and license of software used in the goods, a  
64 lease of specific goods, or a lease of specific goods and license of software used in the goods.  
65 In this paragraph, "monetary obligation" means a monetary obligation secured by the goods or  
66 owed under a lease of the goods and includes a monetary obligation with respect to software used  
67 in the goods. The term does not include (i) charters or other contracts involving the use or hire  
68 of a vessel or (ii) records that evidence a right to payment arising out of the use of a credit or  
69 charge card or information contained on or for use with the card. If a transaction is evidenced  
70 by records that include an instrument or series of instruments, the group of records taken together  
71 constitutes chattel paper;

72 (12) "Collateral" means the property subject to a security interest or agricultural lien.  
73 The term includes:

74 (A) Proceeds to which a security interest attaches;

75 (B) Accounts, chattel paper, payment intangibles, and promissory notes that have been  
76 sold; and

77 (C) Goods that are the subject of a consignment;

78 (13) "Commercial tort claim" means a claim arising in tort with respect to which:

79 (A) The claimant is an organization; or

80 (B) The claimant is an individual and the claim:

81 (i) Arose in the course of the claimant's business or profession; and

82 (ii) Does not include damages arising out of personal injury to or the death of an  
83 individual;

84 (14) "Commodity account" means an account maintained by a commodity intermediary  
85 in which a commodity contract is carried for a commodity customer;

86 (15) "Commodity contract" means a commodity futures contract, an option on a  
87 commodity futures contract, a commodity option, or another contract if the contract or option is:

88 (A) Traded on or subject to the rules of a board of trade that has been designated as a  
89 contract market for such a contract pursuant to federal commodities laws; or

90 (B) Traded on a foreign commodity board of trade, exchange, or market, and is carried  
91 on the books of a commodity intermediary for a commodity customer;

92 (16) "Commodity customer" means a person for which a commodity intermediary carries  
93 a commodity contract on its books;

94 (17) "Commodity intermediary" means a person that:

95 (A) Is registered as a futures commission merchant under federal commodities law; or

96 (B) In the ordinary course of its business provides clearance or settlement services for  
97 a board of trade that has been designated as a contract market pursuant to federal commodities  
98 law;

99 (18) "Communicate" means:

100 (A) To send a written or other tangible record;

101 (B) To transmit a record by any means agreed upon by the persons sending and receiving  
102 the record; or

103 (C) In the case of transmission of a record to or by a filing office, to transmit a record  
104 by any means prescribed by filing-office rule;

105 (19) "Consignee" means a merchant to which goods are delivered in a consignment;

106 (20) "Consignment" means a transaction, regardless of its form, in which a person  
107 delivers goods to a merchant for the purpose of sale and:

108 (A) The merchant:

109 (i) Deals in goods of that kind under a name other than the name of the person making  
110 delivery;

111 (ii) Is not an auctioneer; and

112 (iii) Is not generally known by its creditors to be substantially engaged in selling the  
113 goods of others;

114 (B) With respect to each delivery, the aggregate value of the goods is one thousand  
115 dollars or more at the time of delivery;

116 (C) The goods are not consumer goods immediately before delivery; and

117 (D) The transaction does not create a security interest that secures an obligation;

- 118 (21) "Consignor" means a person that delivers goods to a consignee in a consignment;  
119 (22) "Consumer debtor" means a debtor in a consumer transaction;  
120 (23) "Consumer goods" means goods that are used or bought for use primarily for  
121 personal, family, or household purposes;  
122 (24) "Consumer-goods transaction" means a consumer transaction in which:  
123 (A) An individual incurs an obligation primarily for personal, family, or household  
124 purposes; and  
125 (B) A security interest in consumer goods secures the obligation;  
126 (25) "Consumer obligor" means an obligor who is an individual and who incurred the  
127 obligation as part of a transaction entered into primarily for personal, family, or household  
128 purposes;  
129 (26) "Consumer transaction" means a transaction in which (i) an individual incurs an  
130 obligation primarily for personal, family, or household purposes, (ii) a security interest secures  
131 the obligation, and (iii) the collateral is held or acquired primarily for personal, family, or  
132 household purposes. The term includes consumer-goods transactions;  
133 (27) "Continuation statement" means an amendment of a financing statement which:  
134 (A) Identifies, by its file number, the initial financing statement to which it relates; and  
135 (B) Indicates that it is a continuation statement for, or that it is filed to continue the  
136 effectiveness of, the identified financing statement;  
137 (28) "Debtor" means:  
138 (A) A person having an interest, other than a security interest or other lien, in the  
139 collateral, whether or not the person is an obligor;  
140 (B) A seller of accounts, chattel paper, payment intangibles, or promissory notes; or  
141 (C) A consignee;  
142 (29) "Deposit account" means a demand, time, savings, passbook, or similar account  
143 maintained with a bank. The term does not include investment property or accounts evidenced  
144 by an instrument;  
145 (30) "Document" means a document of title or a receipt of the type described in section  
146 400.7-201(2);  
147 (31) "Electronic chattel paper" means chattel paper evidenced by a record or records  
148 consisting of information stored in an electronic medium;  
149 (32) "Encumbrance" means a right, other than an ownership interest, in real property.  
150 The term includes mortgages and other liens on real property;  
151 (33) "Equipment" means goods other than inventory, farm products, or consumer goods;  
152 (34) "Farm products" means goods, other than standing timber, with respect to which  
153 the debtor is engaged in a farming operation and which are:

- 154 (A) Crops grown, growing, or to be grown, including:  
155 (i) Crops produced on trees, vines, and bushes; and  
156 (ii) Aquatic goods produced in aquacultural operations;  
157 (B) Livestock, born or unborn, including aquatic goods produced in aquacultural  
158 operations;  
159 (C) Supplies used or produced in a farming operation; or  
160 (D) Products of crops or livestock in their unmanufactured states;  
161 (35) "Farming operation" means raising, cultivating, propagating, fattening, grazing, or  
162 any other farming, livestock, or aquacultural operation;  
163 (36) "File number" means the number assigned to an initial financing statement pursuant  
164 to section 400.9-519(a);  
165 (37) "Filing office" means an office designated in section 400.9-501 as the place to file  
166 a financing statement;  
167 (38) "Filing-office rule" means a rule adopted pursuant to section 400.9-526;  
168 (39) "Financing statement" means a record or records composed of an initial financing  
169 statement and any filed record relating to the initial financing statement;  
170 (40) "Fixture filing" means the filing of a financing statement covering goods that are  
171 or are to become fixtures and satisfying section 400.9-502(a) and (b). The term includes the  
172 filing of a financing statement covering goods of a transmitting utility which are or are to become  
173 fixtures;  
174 (41) "Fixtures" means goods that have become so related to particular real property that  
175 an interest in them arises under real property law;  
176 (42) "General intangible" means any personal property, including things in action, other  
177 than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods,  
178 instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, or  
179 other minerals before extraction. The term includes payment intangibles and software;  
180 (43) "Good faith" means honesty in fact;  
181 (44) "Goods" means all things that are movable when a security interest attaches. The  
182 term includes (i) fixtures, (ii) standing timber that is to be cut and removed under a conveyance  
183 or contract for sale, (iii) the unborn young of animals, (iv) crops grown, growing, or to be grown,  
184 even if the crops are produced on trees, vines, or bushes, and (v) manufactured homes. The term  
185 also includes a computer program embedded in goods and any supporting information provided  
186 in connection with a transaction relating to the program if (i) the program is associated with the  
187 goods in such a manner that it customarily is considered part of the goods, or (ii) by becoming  
188 the owner of the goods, a person acquires a right to use the program in connection with the  
189 goods. The term does not include a computer program embedded in goods that consist solely

190 of the medium in which the program is embedded. The term also does not include accounts,  
191 chattel paper, commercial tort claims, deposit accounts, documents, general intangibles,  
192 instruments, investment property, letter-of-credit rights, letters of credit, money, or oil, gas, or  
193 other minerals before extraction;

194 (45) "Governmental unit" means a subdivision, agency, department, county, parish,  
195 municipality, or other unit of the government of the United States, a state, or a foreign country.  
196 The term includes an organization having a separate corporate existence if the organization is  
197 eligible to issue debt on which interest is exempt from income taxation under the laws of the  
198 United States;

199 (46) "Health-care-insurance receivable" means an interest in or claim under a policy of  
200 insurance which is a right to payment of a monetary obligation for health-care goods or services  
201 provided **or to be provided**;

202 (47) "Instrument" means a negotiable instrument or any other writing that evidences a  
203 right to the payment of a monetary obligation, is not itself a security agreement or lease, and is  
204 of a type that in ordinary course of business is transferred by delivery with any necessary  
205 indorsement or assignment. The term does not include (i) investment property, (ii) letters of  
206 credit, or (iii) writings that evidence a right to payment arising out of the use of a credit or charge  
207 card or information contained on or for use with the card;

208 (48) "Inventory" means goods, other than farm products, which:

209 (A) Are leased by a person as lessor;

210 (B) Are held by a person for sale or lease or to be furnished under a contract of service;

211 (C) Are furnished by a person under a contract of service; or

212 (D) Consist of raw materials, work in process, or materials used or consumed in a  
213 business;

214 (49) "Investment property" means a security, whether certificated or uncertificated,  
215 security entitlement, securities account, commodity contract, or commodity account;

216 (50) "Jurisdiction of organization", with respect to a registered organization, means the  
217 jurisdiction under whose law the organization is **formed or** organized;

218 (51) "Letter-of-credit right" means a right to payment or performance under a letter of  
219 credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment  
220 or performance. The term does not include the right of a beneficiary to demand payment or  
221 performance under a letter of credit;

222 (52) "Lien creditor" means:

223 (A) A creditor that has acquired a lien on the property involved by attachment, levy, or  
224 the like;

225 (B) An assignee for benefit of creditors from the time of assignment;

226 (C) A trustee in bankruptcy from the date of the filing of the petition; or  
227 (D) A receiver in equity from the time of appointment;

228 (53) "Manufactured home" means a structure, transportable in one or more sections,  
229 which, in the traveling mode, is eight body feet or more in width or forty body feet or more in  
230 length, or, when erected on site, is three hundred twenty or more square feet, and which is built  
231 on a permanent chassis and designed to be used as a dwelling with or without a permanent  
232 foundation when connected to the required utilities, and includes the plumbing, heating,  
233 air-conditioning, and electrical systems contained therein. The term includes any structure that  
234 meets all of the requirements of this paragraph except the size requirements and with respect to  
235 which the manufacturer voluntarily files a certification required by the United States Secretary  
236 of Housing and Urban Development and complies with the standards established under Title 42  
237 of the United States Code;

238 (54) "Manufactured-home transaction" means a secured transaction:  
239 (A) That creates a purchase-money security interest in a manufactured home, other than  
240 a manufactured home held as inventory; or  
241 (B) In which a manufactured home, other than a manufactured home held as inventory,  
242 is the primary collateral;

243 (55) "Mortgage" means a consensual interest in real property, including fixtures, which  
244 secures payment or performance of an obligation;

245 (56) "New debtor" means a person that becomes bound as debtor under section  
246 400.9-203(d) by a security agreement previously entered into by another person;

247 (57) "New value" means (i) money, (ii) money's worth in property, services, or new  
248 credit, or (iii) release by a transferee of an interest in property previously transferred to the  
249 transferee. The term does not include an obligation substituted for another obligation;

250 (58) "Noncash proceeds" means proceeds other than cash proceeds;

251 (59) "Obligor" means a person that, with respect to an obligation secured by a security  
252 interest in or an agricultural lien on the collateral, (i) owes payment or other performance of the  
253 obligation, (ii) has provided property other than the collateral to secure payment or other  
254 performance of the obligation, or (iii) is otherwise accountable in whole or in part for payment  
255 or other performance of the obligation. The term does not include issuers or nominated persons  
256 under a letter of credit;

257 (60) "Original debtor", except as used in section 400.9-310(c), means a person that, as  
258 debtor, entered into a security agreement to which a new debtor has become bound under section  
259 400.9-203(d);

260 (61) "Payment intangible" means a general intangible under which the account debtor's  
261 principal obligation is a monetary obligation;



- 262 (62) "Person related to", with respect to an individual, means:  
263 (A) The spouse of the individual;  
264 (B) A brother, brother-in-law, sister, or sister-in-law of the individual;  
265 (C) An ancestor or lineal descendant of the individual or the individual's spouse; or  
266 (D) Any other relative, by blood or marriage, of the individual or the individual's spouse  
267 who shares the same home with the individual;
- 268 (63) "Person related to", with respect to an organization, means:  
269 (A) A person directly or indirectly controlling, controlled by, or under common control  
270 with the organization;  
271 (B) An officer or director of, or a person performing similar functions with respect to,  
272 the organization;  
273 (C) An officer or director of, or a person performing similar functions with respect to,  
274 a person described in subparagraph (A);  
275 (D) The spouse of an individual described in subparagraph (A), (B), or (C); or  
276 (E) An individual who is related by blood or marriage to an individual described in  
277 subparagraph (A), (B), (C), or (D) and shares the same home with the individual;
- 278 (64) "Proceeds", except as used in section 400.9-609(b), means the following property:  
279 (A) Whatever is acquired upon the sale, lease, license, exchange, or other disposition of  
280 collateral;  
281 (B) Whatever is collected on, or distributed on account of, collateral;  
282 (C) Rights arising out of collateral;  
283 (D) To the extent of the value of collateral, claims arising out of the loss, nonconformity,  
284 or interference with the use of, defects or infringement of rights in, or damage to, the collateral;  
285 or  
286 (E) To the extent of the value of collateral and to the extent payable to the debtor or the  
287 secured party, insurance payable by reason of the loss or nonconformity of, defects or  
288 infringement of rights in, or damage to, the collateral;
- 289 (65) "Promissory note" means an instrument that evidences a promise to pay a monetary  
290 obligation, does not evidence an order to pay, and does not contain an acknowledgment by a  
291 bank that the bank has received for deposit a sum of money or funds;
- 292 (66) "Proposal" means a record authenticated by a secured party which includes the  
293 terms on which the secured party is willing to accept collateral in full or partial satisfaction of  
294 the obligation it secures pursuant to sections 400.9-620, 400.9-621 and 400.9-622;
- 295 (67) **"Public organic record" means a record that is available to the public for**  
296 **inspection and is:**

297           **(A) A record consisting of the record initially filed with or issued by a state or the**  
298 **United States to form or organize an organization and any record filed with or issued by**  
299 **the state or the United States which amends or restates the initial record;**

300           **(B) An organic record of a business trust consisting of the record initially filed with**  
301 **a state and any record filed with the state which amends or restates the initial record, if a**  
302 **statute of the state governing business trusts requires that the record be filed with the state;**  
303 **or**

304           **(C) A record consisting of legislation enacted by the legislature of a state or the**  
305 **Congress of the United States which forms or organizes an organization, any record**  
306 **amending the legislation, and any record filed with or issued by the state or the United**  
307 **States which amends or restates the name of the organization;**

308           **(68) "Pursuant to commitment",** with respect to an advance made or other value given  
309 by a secured party, means pursuant to the secured party's obligation, whether or not a subsequent  
310 event of default or other event not within the secured party's control has relieved or may relieve  
311 the secured party from its obligation;

312           **[(68)] (69) "Record",** except as used in "for record", "of record", "record or legal title",  
313 and "record owner", means information that is inscribed on a tangible medium or which is stored  
314 in an electronic or other medium and is retrievable in perceivable form;

315           **[(69)] (70) "Registered organization"** means an organization **formed or** organized solely  
316 under the law of a single state or the United States [and as to which the state or the United States  
317 must maintain a public record showing the organization to have been organized] **by the filing**  
318 **of a public organic record with, the issuance of a public organic record by, or the**  
319 **enactment of legislation by the state or the United States. The term includes a business**  
320 **trust that is formed or organized under the law of a single state if a statute of the state**  
321 **governing business trusts requires that the business trust's organic record be filed with the**  
322 **state;**

323           **[(70)] (71) "Secondary obligor"** means an obligor to the extent that:

324           **(A) The obligor's obligation is secondary; or**

325           **(B) The obligor has a right of recourse with respect to an obligation secured by collateral**  
326 **against the debtor, another obligor, or property of either;**

327           **[(71)] (72) "Secured party"** means:

328           **(A) A person in whose favor a security interest is created or provided for under a security**  
329 **agreement, whether or not any obligation to be secured is outstanding;**

330           **(B) A person that holds an agricultural lien;**

331           **(C) A consignor;**

332 (D) A person to which accounts, chattel paper, payment intangibles, or promissory notes  
333 have been sold;

334 (E) A trustee, indenture trustee, agent, collateral agent, or other representative in whose  
335 favor a security interest or agricultural lien is created or provided for; or

336 (F) A person that holds a security interest arising under sections 400.2-401, 400.2-505,  
337 400.2-711(3), 400.2A-508(5), 400.4-210 or 400.5-118;

338 [(72)] **(73)** "Security agreement" means an agreement that creates or provides for a  
339 security interest;

340 [(73)] **(74)** "Send", in connection with a record or notification, means:

341 (A) To deposit in the mail, deliver for transmission, or transmit by any other usual means  
342 of communication, with postage or cost of transmission provided for, addressed to any address  
343 reasonable under the circumstances; or

344 (B) To cause the record or notification to be received within the time that it would have  
345 been received if properly sent under subparagraph (A);

346 [(74)] **(75)** "Software" means a computer program and any supporting information  
347 provided in connection with a transaction relating to the program. The term does not include a  
348 computer program that is included in the definition of goods;

349 [(75)] **(76)** "State" means a state of the United States, the District of Columbia, Puerto  
350 Rico, the United States Virgin Islands, or any territory or insular possession subject to the  
351 jurisdiction of the United States;

352 [(76)] **(77)** "Supporting obligation" means a letter-of-credit right or secondary obligation  
353 that supports the payment or performance of an account, chattel paper, a document, a general  
354 intangible, an instrument, or investment property;

355 [(77)] **(78)** "Tangible chattel paper" means chattel paper evidenced by a record or records  
356 consisting of information that is inscribed on a tangible medium;

357 [(78)] **(79)** "Termination statement" means an amendment of a financing statement  
358 which:

359 (A) Identifies, by its file number, the initial financing statement to which it relates; and

360 (B) Indicates either that it is a termination statement or that the identified financing  
361 statement is no longer effective;

362 [(79)] **(80)** "Transmitting utility" means a person primarily engaged in the business of:

363 (A) Operating a railroad, subway, street railway, or trolley bus;

364 (B) Transmitting communications electrically, electromagnetically, or by light;

365 (C) Transmitting goods by pipeline or sewer; or

366 (D) Transmitting or producing and transmitting electricity, steam, gas, or water.

367 (b) The following definitions in other articles apply to this article:

|     |                              |                     |
|-----|------------------------------|---------------------|
| 368 | "Applicant"                  | Section 400.5-102.  |
| 369 | "Beneficiary"                | Section 400.5-102.  |
| 370 | "Broker"                     | Section 400.8-102.  |
| 371 | "Certificated security"      | Section 400.8-102.  |
| 372 | "Check"                      | Section 400.3-104.  |
| 373 | "Clearing corporation"       | Section 400.8-102.  |
| 374 | "Contract for sale"          | Section 400.2-106.  |
| 375 | "Customer"                   | Section 400.4-104.  |
| 376 | "Entitlement holder"         | Section 400.8-102.  |
| 377 | "Financial asset"            | Section 400.8-102.  |
| 378 | "Holder in due course"       | Section 400.3-302.  |
| 379 | "Issuer" (with respect to a  |                     |
| 380 | letter of credit or          |                     |
| 381 | letter-of-credit right)      | Section 400.5-102.  |
| 382 | "Issuer" (with respect       |                     |
| 383 | to a security)               | Section 400.8-201.  |
| 384 | "Lease "                     | Section 400.2A-103. |
| 385 | "Lease agreement"            | Section 400.2A-103. |
| 386 | "Lease contract"             | Section 400.2A-103. |
| 387 | "Leasehold interest"         | Section 400.2A-103. |
| 388 | "Lessee"                     | Section 400.2A-103. |
| 389 | "Lessee in ordinary          |                     |
| 390 | course of business"          | Section 400.2A-103. |
| 391 | "Lessor"                     | Section 400.2A-103. |
| 392 | "Lessor's residual interest" | Section 400.2A-103. |
| 393 | "Letter of credit"           | Section 400.5-102.  |
| 394 | "Merchant"                   | Section 400.2-104.  |
| 395 | "Negotiable instrument"      | Section 400.3-104.  |
| 396 | "Nominated person"           | Section 400.5-102.  |
| 397 | "Note"                       | Section 400.3-104.  |
| 398 | "Proceeds of a               |                     |
| 399 | letter of credit"            | Section 400.5-114.  |
| 400 | "Prove"                      | Section 400.3-103.  |
| 401 | "Sale"                       | Section 400.2-106.  |
| 402 | "Securities account"         | Section 400.8-501.  |
| 403 | "Securities intermediary"    | Section 400.8-102.  |

|     |                           |                    |
|-----|---------------------------|--------------------|
| 404 | "Security"                | Section 400.8-102. |
| 405 | "Security certificate"    | Section 400.8-102. |
| 406 | "Security entitlement"    | Section 400.8-102. |
| 407 | "Uncertificated security" | Section 400.8-102. |

408

409 (c) This section contains general definitions and principles of construction and  
410 interpretation applicable throughout sections 400.9-103 to 400.9-708.

400.9-307. (a) In this section, "place of business" means a place where a debtor conducts  
2 its affairs.

3 (b) Except as otherwise provided in this section, the following rules determine a debtor's  
4 location:

5 (1) A debtor who is an individual is located at the individual's principal residence;

6 (2) A debtor that is an organization and has only one place of business is located at its  
7 place of business;

8 (3) A debtor that is an organization and has more than one place of business is located  
9 at its chief executive office.

10 (c) Subsection (b) applies only if a debtor's residence, place of business, or chief  
11 executive office, as applicable, is located in a jurisdiction whose law generally requires  
12 information concerning the existence of a nonpossessory security interest to be made generally  
13 available in a filing, recording, or registration system as a condition or result of the security  
14 interest's obtaining priority over the rights of a lien creditor with respect to the collateral. If  
15 subsection (b) does not apply, the debtor is located in the District of Columbia.

16 (d) A person that ceases to exist, have a residence, or have a place of business continues  
17 to be located in the jurisdiction specified by subsections (b) and (c).

18 (e) A registered organization that is organized under the law of a state is located in that  
19 state.

20 (f) Except as otherwise provided in subsection (i), a registered organization that is  
21 organized under the law of the United States and a branch or agency of a bank that is not  
22 organized under the law of the United States or a state are located:

23 (1) In the state that the law of the United States designates, if the law designates a state  
24 of location;

25 (2) In the state that the registered organization, branch, or agency designates, if the law  
26 of the United States authorizes the registered organization, branch, or agency to designate its  
27 state of location, **including by designating its main office, home office, or other comparable**  
28 **office**; or

29 (3) In the District of Columbia, if neither paragraph (1) nor paragraph (2) applies.

30 (g) A registered organization continues to be located in the jurisdiction specified by  
31 subsection (e) or (f) notwithstanding:

32 (1) The suspension, revocation, forfeiture, or lapse of the registered organization's status  
33 as such in its jurisdiction of organization; or

34 (2) The dissolution, winding up, or cancellation of the existence of the registered  
35 organization.

36 (h) The United States is located in the District of Columbia.

37 (i) A branch or agency of a bank that is not organized under the law of the United States  
38 or a state is located in the state in which the branch or agency is licensed, if all branches and  
39 agencies of the bank are licensed in only one state.

40 (j) A foreign air carrier under the Federal Aviation Act of 1958, as amended, is located  
41 at the designated office of the agent upon which service of process may be made on behalf of the  
42 carrier.

43 (k) This section applies only for purposes of this part.

400.9-316. (a) A security interest perfected pursuant to the law of the jurisdiction  
2 designated in section 400.9-301(1) or 400.9-305(c) remains perfected until the earliest of:

3 (1) The time perfection would have ceased under the law of that jurisdiction;

4 (2) The expiration of four months after a change of the debtor's location to another  
5 jurisdiction; or

6 (3) The expiration of one year after a transfer of collateral to a person that thereby  
7 becomes a debtor and is located in another jurisdiction.

8 (b) If a security interest described in subsection (a) becomes perfected under the law of  
9 the other jurisdiction before the earliest time or event described in that subsection, it remains  
10 perfected thereafter. If the security interest does not become perfected under the law of the other  
11 jurisdiction before the earliest time or event, it becomes unperfected and is deemed never to have  
12 been perfected as against a purchaser of the collateral for value.

13 (c) A possessory security interest in collateral, other than goods covered by a certificate  
14 of title and as-extracted collateral consisting of goods, remains continuously perfected if:

15 (1) The collateral is located in one jurisdiction and subject to a security interest perfected  
16 under the law of that jurisdiction;

17 (2) Thereafter the collateral is brought into another jurisdiction; and

18 (3) Upon entry into the other jurisdiction, the security interest is perfected under the law  
19 of the other jurisdiction.

20 (d) Except as otherwise provided in subsection (e), a security interest in goods covered  
21 by a certificate of title which is perfected by any method under the law of another jurisdiction  
22 when the goods become covered by a certificate of title from this state remains perfected until

23 the security interest would have become unperfected under the law of the other jurisdiction had  
24 the goods not become so covered.

25 (e) A security interest described in subsection (d) becomes unperfected as against a  
26 purchaser of the goods for value and is deemed never to have been perfected as against a  
27 purchaser of the goods for value if the applicable requirements for perfection under section  
28 400.9-311(b) or 400.9-313 are not satisfied before the earlier of:

29 (1) The time the security interest would have become unperfected under the law of the  
30 other jurisdiction had the goods not become covered by a certificate of title from this state; or

31 (2) The expiration of four months after the goods had become so covered.

32 (f) A security interest in deposit accounts, letter-of-credit rights, or investment property  
33 which is perfected under the law of the bank's jurisdiction, the issuer's jurisdiction, a nominated  
34 person's jurisdiction, the securities intermediary's jurisdiction, or the commodity intermediary's  
35 jurisdiction, as applicable, remains perfected until the earlier of:

36 (1) The time the security interest would have become unperfected under the law of that  
37 jurisdiction; or

38 (2) The expiration of four months after a change of the applicable jurisdiction to another  
39 jurisdiction.

40 (g) If a security interest described in subsection (f) becomes perfected under the law of  
41 the other jurisdiction before the earlier of the time or the end of the period described in that  
42 subsection, it remains perfected thereafter. If the security interest does not become perfected  
43 under the law of the other jurisdiction before the earlier of that time or the end of that period, it  
44 becomes unperfected and is deemed never to have been perfected as against a purchaser of the  
45 collateral for value.

46 **(h) The following rules apply to collateral to which a security interest attaches**  
47 **within four months after the debtor changes its location to another jurisdiction:**

48 **(1) A financing statement filed before the change pursuant to the law of the**  
49 **jurisdiction designated in section 400.9-301(1) or 400.9-305(c) is effective to perfect a**  
50 **security interest in the collateral if the financing statement would have been effective to**  
51 **perfect a security interest in the collateral had the debtor not changed its location.**

52 **(2) If a security interest perfected by a financing statement that is effective under**  
53 **paragraph (1) becomes perfected under the law of the other jurisdiction before the earlier**  
54 **of the time the financing statement would have become ineffective under the law of the**  
55 **jurisdiction designated in section 400.9-301(1) or 400.9-305(c) or the expiration of the four-**  
56 **month period, it remains perfected thereafter. If the security interest does not become**  
57 **perfected under the law of the other jurisdiction before the earlier time or event, it becomes**

58 **unperfected and is deemed never to have been perfected as against a purchaser of the**  
59 **collateral for value.**

60 (i) If a financing statement naming an original debtor is filed pursuant to the law  
61 of the jurisdiction designated in section 400.9-301(1) or 400.9-305(c) and the new debtor  
62 is located in another jurisdiction, the following rules apply:

63 (1) The financing statement is effective to perfect a security interest in collateral  
64 acquired by the new debtor before, and within four months after, the new debtor becomes  
65 bound under section 400.9-203(d), if the financing statement would have been effective to  
66 perfect a security interest in the collateral had the collateral been acquired by the original  
67 debtor.

68 (2) A security interest perfected by the financing statement and which becomes  
69 perfected under the law of the other jurisdiction before the earlier of the time the financing  
70 statement would have become ineffective under the law of the jurisdiction designated in  
71 section 400.9-301(1) or 400.9-305(c) or the expiration of the four-month period remains  
72 perfected thereafter. A security interest that is perfected by the financing statement but  
73 that does not become perfected under the law of the other jurisdiction before the earlier  
74 time or event becomes unperfected and is deemed never to have been perfected as against  
75 a purchaser of the collateral for value.

400.9-317. (a) A security interest or agricultural lien is subordinate to the rights of:

2 (1) A person entitled to priority under section 400.9-322; and

3 (2) Except as otherwise provided in subsection (e), a person that becomes a lien creditor  
4 before the earlier of the time:

5 (A) The security interest or agricultural lien is perfected; or

6 (B) One of the conditions specified in section 400.9-203(b)(3) is met and a financing  
7 statement covering the collateral is filed.

8 (b) Except as otherwise provided in subsection (e), a buyer, other than a secured party,  
9 of tangible chattel paper, documents, goods, instruments, or a security certificate takes free of  
10 a security interest or agricultural lien if the buyer gives value and receives delivery of the  
11 collateral without knowledge of the security interest or agricultural lien and before it is perfected.

12 (c) Except as otherwise provided in subsection (e), a lessee of goods takes free of a  
13 security interest or agricultural lien if the lessee gives value and receives delivery of the collateral  
14 without knowledge of the security interest or agricultural lien and before it is perfected.

15 (d) A licensee of a general intangible or a buyer, other than a secured party, of [accounts,  
16 electronic] **collateral other than tangible** chattel paper, [general intangibles, or investment  
17 property other than] **tangible documents, goods, instruments, or** a certificated security takes



18 free of a security interest if the licensee or buyer gives value without knowledge of the security  
19 interest and before it is perfected.

20 (e) Except as otherwise provided in sections 400.9-320 and 400.9-321, if a person files  
21 a financing statement with respect to a purchase-money security interest before or within twenty  
22 days after the debtor receives delivery of the collateral, the security interest takes priority over  
23 the rights of a buyer, lessee, or lien creditor which arise between the time the security interest  
24 attaches and the time of filing.

400.9-326. (a) Subject to subsection (b), a security interest **that is** created by a new  
2 debtor [which is perfected by a filed financing statement that is effective solely under section  
3 400.9-508] in collateral in which [a] **the** new debtor has or acquires rights **and is perfected**  
4 **solely by a filed financing statement that would be effective to perfect the security interest**  
5 **but for the application of section 400.9-508** is subordinate to a security interest in the same  
6 collateral which is perfected other than by **such** a filed financing statement[ that is effective  
7 solely under section 400.9-508].

8 (b) The other provisions of this part determine the priority among conflicting security  
9 interests in the same collateral perfected by filed financing statements [that are effective solely  
10 under section 400.9-508] **described in subsection (a)**. However, if the security agreements to  
11 which a new debtor became bound as debtor were not entered into by the same original debtor,  
12 the conflicting security interests rank according to priority in time of the new debtor's having  
13 become bound.

400.9-406. (a) Subject to subsections (b) through (i), an account debtor on an account,  
2 chattel paper, or a payment intangible may discharge its obligation by paying the assignor until,  
3 but not after, the account debtor receives a notification, authenticated by the assignor or the  
4 assignee, that the amount due or to become due has been assigned and that payment is to be  
5 made to the assignee. After receipt of the notification, the account debtor may discharge its  
6 obligation by paying the assignee and may not discharge the obligation by paying the assignor.

7 (b) Subject to subsection (h), notification is ineffective under subsection (a):

8 (1) If it does not reasonably identify the rights assigned;

9 (2) To the extent that an agreement between an account debtor and a seller of a payment  
10 intangible limits the account debtor's duty to pay a person other than the seller and the limitation  
11 is effective under law other than this article; or

12 (3) At the option of an account debtor, if the notification notifies the account debtor to  
13 make less than the full amount of any installment or other periodic payment to the assignee, even  
14 if:

15 (A) Only a portion of the account, chattel paper, or general intangible has been assigned  
16 to that assignee;

17 (B) A portion has been assigned to another assignee; or

18 (C) The account debtor knows that the assignment to that assignee is limited.

19 (c) Subject to subsection (h), if requested by the account debtor, an assignee shall  
20 seasonably furnish reasonable proof that the assignment has been made. Unless the assignee  
21 complies, the account debtor may discharge its obligation by paying the assignor, even if the  
22 account debtor has received a notification under subsection (a).

23 (d) Except as otherwise provided in subsection (e) and sections 400.2A-303 and  
24 400.9-407, and subject to subsection (h), a term in an agreement between an account debtor and  
25 an assignor or in a promissory note is ineffective to the extent that it:

26 (1) Prohibits, restricts, or requires the consent of the account debtor or person obligated  
27 on the promissory note to the assignment or transfer of, or the creation, attachment, perfection,  
28 or enforcement of a security interest in, the account, chattel paper, payment intangible, or  
29 promissory note; or

30 (2) Provides that the assignment or transfer or the creation, attachment, perfection, or  
31 enforcement of the security interest may give rise to a default, breach, right of recoupment,  
32 claim, defense, termination, right of termination, or remedy under the account, chattel paper,  
33 payment intangible, or promissory note.

34 (e) Subsection (d) does not apply to the sale of a payment intangible or promissory note,  
35 **other than a sale pursuant to a disposition under section 400.9-610 or an acceptance of**  
36 **collateral under section 400.9-620.**

37 (f) Except as otherwise provided in sections 400.2A-303 and 400.9-407, and subject to  
38 subsections (h) and (i), a rule of law, statute, or regulation, that prohibits, restricts, or requires  
39 the consent of a government, governmental body or official, or account debtor to the assignment  
40 or transfer of, or creation of a security interest in, an account or chattel paper is ineffective to the  
41 extent that the rule of law, statute, or regulation:

42 (1) Prohibits, restricts, or requires the consent of the government, governmental body  
43 or official, or account debtor to the assignment or transfer of, or the creation, attachment,  
44 perfection, or enforcement of a security interest in, the account or chattel paper; or

45 (2) Provides that the assignment or transfer or the creation, attachment, perfection, or  
46 enforcement of the security interest may give rise to a default, breach, right of recoupment,  
47 claim, defense, termination, right of termination, or remedy under the account or chattel paper.

48 (g) Subject to subsection (h), an account debtor may not waive or vary its option under  
49 subsection (b)(3).

50 (h) This section is subject to law other than this article which establishes a different rule  
51 for an account debtor who is an individual and who incurred the obligation primarily for  
52 personal, family, or household purposes.

- 53 (i) This section does not apply to an assignment of a health-care-insurance receivable.  
54 (j) This section prevails over any inconsistent provisions of any statutes, rules, and  
55 regulations.

400.9-408. (a) Except as otherwise provided in subsection (b), a term in a promissory  
2 note or in an agreement between an account debtor and a debtor which relates to a  
3 health-care-insurance receivable or a general intangible, including a contract, permit, license, or  
4 franchise, and which term prohibits, restricts, or requires the consent of the person obligated on  
5 the promissory note or the account debtor to, the assignment or transfer of, or creation,  
6 attachment, or perfection of a security interest in, the promissory note, health-care-insurance  
7 receivable, or general intangible, is ineffective to the extent that the term:

8 (1) Would impair the creation, attachment, or perfection of a security interest; or

9 (2) Provides that the assignment or transfer or the creation, attachment, or perfection of  
10 the security interest may give rise to a default, breach, right of recoupment, claim, defense,  
11 termination, right of termination, or remedy under the promissory note, health-care-insurance  
12 receivable, or general intangible.

13 (b) Subsection (a) applies to a security interest in a payment intangible or promissory  
14 note only if the security interest arises out of a sale of the payment intangible or promissory note,  
15 **other than a sale pursuant to a disposition under section 400.9-610 or an acceptance of**  
16 **collateral under section 400.9-620.**

17 (c) A rule of law, statute, or regulation that prohibits, restricts, or requires the consent  
18 of a government, governmental body or official, person obligated on a promissory note, or  
19 account debtor to the assignment or transfer of, or creation of a security interest in, a promissory  
20 note, health-care-insurance receivable, or general intangible, including a contract, permit, license,  
21 or franchise between an account debtor and a debtor, is ineffective to the extent that the rule of  
22 law, statute, or regulation:

23 (1) Would impair the creation, attachment, or perfection of a security interest; or

24 (2) Provides that the assignment or transfer or the creation, attachment, or perfection of  
25 the security interest may give rise to a default, breach, right of recoupment, claim, defense,  
26 termination, right of termination, or remedy under the promissory note, health-care-insurance  
27 receivable, or general intangible.

28 (d) To the extent that a term in a promissory note or in an agreement between an account  
29 debtor and a debtor which relates to a health-care-insurance receivable or general intangible or  
30 a rule of law, statute, or regulation described in subsection (c) would be effective under law other  
31 than this article but is ineffective under subsection (a) or (c), the creation, attachment, or  
32 perfection of a security interest in the promissory note, health-care-insurance receivable, or  
33 general intangible:

34 (1) Is not enforceable against the person obligated on the promissory note or the account  
35 debtor;

36 (2) Does not impose a duty or obligation on the person obligated on the promissory note  
37 or the account debtor;

38 (3) Does not require the person obligated on the promissory note or the account debtor  
39 to recognize the security interest, pay or render performance to the secured party, or accept  
40 payment or performance from the secured party;

41 (4) Does not entitle the secured party to use or assign the debtor's rights under the  
42 promissory note, health-care-insurance receivable, or general intangible, including any related  
43 information or materials furnished to the debtor in the transaction giving rise to the promissory  
44 note, health-care-insurance receivable, or general intangible;

45 (5) Does not entitle the secured party to use, assign, possess, or have access to any trade  
46 secrets or confidential information of the person obligated on the promissory note or the account  
47 debtor; and

48 (6) Does not entitle the secured party to enforce the security interest in the promissory  
49 note, health-care-insurance receivable, or general intangible.

50 (e) This section prevails over any inconsistent provisions of any statutes, rules, and  
51 regulations.

400.9-502. (a) Subject to subsection (b), a financing statement is sufficient only if it:

2 (1) Provides the name of the debtor;

3 (2) Provides the name of the secured party or a representative of the secured party; and

4 (3) Indicates the collateral covered by the financing statement.

5 (b) Except as otherwise provided in section 400.9-501(b), to be sufficient, a financing  
6 statement that covers as-extracted collateral or timber to be cut, or which is filed as a fixture  
7 filing and covers goods that are or are to become fixtures, must satisfy subsection (a) and also:

8 (1) Indicate that it covers this type of collateral;

9 (2) Indicate that it is to be filed for record in the real property records;

10 (3) Provide a description of the real property to which the collateral is related sufficient  
11 to give constructive notice of a mortgage under the law of this state if the description were  
12 contained in a record of the mortgage of the real property; and

13 (4) If the debtor does not have an interest of record in the real property, provide the name  
14 of a record owner.

15 (c) A record of a mortgage is effective, from the date of recording, as a financing  
16 statement filed as a fixture filing or as a financing statement covering as-extracted collateral or  
17 timber to be cut only if:

18 (1) The record indicates the goods or accounts that it covers;

19 (2) The goods are or are to become fixtures related to the real property described in the  
20 record or the collateral is related to the real property described in the record and is as-extracted  
21 collateral or timber to be cut;

22 (3) The record satisfies the requirements for a financing statement in this section [other  
23 than an indication that it is to be filed in the real property records; and] , **but:**

24 (A) **The record need not indicate that it is to be filed in the real property records;**  
25 **and**

26 (B) **The record sufficiently provides the name of a debtor who is an individual if it**  
27 **provides the individual name of the debtor or the surname and first personal name of the**  
28 **debtor, even if the debtor is an individual to whom section 400.9-503(a)(4) applies; and**

29 (4) The record is duly recorded.

30 (d) A financing statement may be filed before a security agreement is made or a security  
31 interest otherwise attaches.

400.9-503. (a) A financing statement sufficiently provides the name of the debtor:

2 (1) **Except as otherwise provided in paragraph (3), if the debtor is a registered**  
3 **organization or the collateral is held in a trust that** [If the debtor] is a registered organization,  
4 only if the financing statement provides the name [of the debtor indicated] **that is stated to be**  
5 **the registered organization's name** on the public **organic** record [of] **most recently filed with**  
6 **or issued or enacted by** the [debtor's] **registered organization's** jurisdiction of organization  
7 which [shows the debtor to have been organized] **purports to state, amend, or restate the**  
8 **registered organization's name;**

9 (2) **Subject to subsection (f), if the [debtor is a decedent's estate] collateral is being**  
10 **administered by the personal representative of a decedent,** only if the financing statement  
11 provides **as the name of the debtor,** the name of the decedent and [indicates that the debtor is  
12 an estate] , **in a separate part of the financing statement, indicates that the collateral is**  
13 **being administered by a personal representative;**

14 (3) [If the debtor is a trust or a trustee acting with respect to property held in trust, only  
15 if the financing statement:] **If the collateral is held in a trust that is not a registered**  
16 **organization, only if the financing statement:**

17 (A) [Provides the name specified for the trust in its organic documents or, if no]  
18 **Provides, as the name of the debtor:**

19 (i) **If the organic record of the trust specifies a name for the trust, the name**  
20 **specified; or**

21 (ii) **If the organic record of the trust does not specify a name for the trust, the name**  
22 **of the settlor or testator; and**

23 (B) **In a separate part of the financing statement:**

24           **(i) If the name is provided in accordance with subparagraph (A)(i), indicates that**  
25 **the collateral is held in a trust; or**

26           **(ii) If the name is [specified] provided in accordance with subparagraph (A)(ii),**  
27 **provides [the name of the settlor and] additional information sufficient to distinguish the [debtor]**  
28 **trust from other trusts having one or more of the same settlors or the same testator and**  
29 **indicates that the collateral is held in a trust, unless the additional information so indicates;**

30           **(4) Subject to subsection (g), if the debtor is an individual to whom this state has**  
31 **issued a driver's license that has not expired, only if the financing statement provides the**  
32 **name of the individual which is indicated on the driver's license;**

33           **(5) If the debtor is an individual to whom paragraph (4) does not apply, only if the**  
34 **financing statement provides the individual name of the debtor or the surname and first**  
35 **personal name of the debtor; and**

36           **[(B) Indicates, in the debtor's name or otherwise, that the debtor is a trust or is a trustee**  
37 **acting with respect to property held in trust; and]**

38           **[(4)] (6) In other cases:**

39           **(A) If the debtor has a name, only if [it] the financing statement provides the**  
40 **[individual or] organizational name of the debtor; and**

41           **(B) If the debtor does not have a name, only if it provides the names of the partners,**  
42 **members, associates, or other persons comprising the debtor, in a manner that each name**  
43 **provided would be sufficient if the person named were the debtor.**

44           **(b) A financing statement that provides the name of the debtor in accordance with**  
45 **subsection (a) is not rendered ineffective by the absence of:**

46           **(1) A trade name or other name of the debtor; or**

47           **(2) Unless required under subsection (a)(4)(B), names of partners, members, associates,**  
48 **or other persons comprising the debtor.**

49           **(c) A financing statement that provides only the debtor's trade name does not sufficiently**  
50 **provide the name of the debtor.**

51           **(d) Failure to indicate the representative capacity of a secured party or representative of**  
52 **a secured party does not affect the sufficiency of a financing statement.**

53           **(e) A financing statement may provide the name of more than one debtor and the name**  
54 **of more than one secured party.**

55           **(f) The name of the decedent indicated on the order appointing the personal**  
56 **representative of the decedent issued by the court having jurisdiction over the collateral**  
57 **is sufficient as the name of the decedent under subsection (a)(2).**

58           **(g) If this state has issued to an individual more than one driver's license of a kind**  
59 **described in subsection (a)(4), the one that was issued most recently is the one to which**  
60 **subsection (a)(4) refers.**

61           **(h) In this section, the name of the settlor or testator means:**

62           **(1) If the settlor is a registered organization, the name that is stated to be the**  
63 **settlor's name on the public organic record most recently filed with or issued or enacted**  
64 **by the settlor's jurisdiction of organization which purports to state, amend, or restate the**  
65 **settlor's name; or**

66           **(2) In other cases, the name of the settlor or testator indicated in the trust's organic**  
67 **record.**

          400.9-515. (a) Except as otherwise provided in subsections (b), (e), (f), and (g), a filed  
2 financing statement is effective for a period of five years after the date of filing.

3           (b) Except as otherwise provided in subsections (e), (f), and (g), an initial financing  
4 statement filed in connection with a manufactured-home transaction is effective for a period of  
5 thirty years after the date of filing if it indicates that it is filed in connection with a  
6 manufactured-home transaction.

7           (c) The effectiveness of a filed financing statement lapses on the expiration of the period  
8 of its effectiveness unless before the lapse a continuation statement is filed pursuant to  
9 subsection (d). Upon lapse, a financing statement ceases to be effective and any security interest  
10 or agricultural lien that was perfected by the financing statement becomes unperfected, unless  
11 the security interest is perfected otherwise. If the security interest or agricultural lien becomes  
12 unperfected upon lapse, it is deemed never to have been perfected as against a purchaser of the  
13 collateral for value.

14           (d) A continuation statement may be filed only within six months before the expiration  
15 of the five-year period specified in subsection (a) or the thirty-year period specified in subsection  
16 (b), whichever is applicable.

17           (e) Except as otherwise provided in section 400.9-510, upon timely filing of a  
18 continuation statement, the effectiveness of the initial financing statement continues for a period  
19 of five years commencing on the day on which the financing statement would have become  
20 ineffective in the absence of the filing. Upon the expiration of the five-year period, the financing  
21 statement lapses in the same manner as provided in subsection (c), unless, before the lapse,  
22 another continuation statement is filed pursuant to subsection (d). Succeeding continuation  
23 statements may be filed in the same manner to continue the effectiveness of the initial financing  
24 statement.

25           (f) If a debtor is a transmitting utility and a filed **initial** financing statement so indicates,  
26 the financing statement is effective until a termination statement is filed.

27 (g) A record of a mortgage that is effective as a financing statement filed as a fixture  
28 filing under section 400.9-502(c) remains effective as a financing statement filed as a fixture  
29 filing until the mortgage is released or satisfied of record or its effectiveness otherwise terminates  
30 as to the real property.

400.9-516. (a) Except as otherwise provided in subsection (b), communication of a  
2 record to a filing office and tender of the filing fee or acceptance of the record by the filing office  
3 constitutes filing.

4 (b) Filing does not occur with respect to a record that a filing office refuses to accept  
5 because:

6 (1) The record is not communicated by a method or medium of communication  
7 authorized by the filing office;

8 (2) An amount equal to or greater than the applicable filing fee is not tendered;

9 (3) The filing office is unable to index the record because:

10 (A) In the case of an initial financing statement, the record does not provide a name for  
11 the debtor;

12 (B) In the case of an amendment or correction statement, the record:

13 (i) Does not identify the initial financing statement as required by section 400.9-512 or  
14 400.9-518, as applicable; or

15 (ii) Identifies an initial financing statement whose effectiveness has lapsed under section  
16 400.9-515;

17 (C) In the case of an initial financing statement that provides the name of a debtor  
18 identified as an individual or an amendment that provides a name of a debtor identified as an  
19 individual which was not previously provided in the financing statement to which the record  
20 relates, the record does not identify the debtor's last name; or

21 (D) In the case of a record filed or recorded in the filing office described in section  
22 400.9-501(a)(1), the record does not provide a sufficient description of the real property to which  
23 it relates;

24 (4) In the case of an initial financing statement or an amendment that adds a secured  
25 party of record, the record does not provide a name and mailing address for the secured party of  
26 record;

27 (5) In the case of an initial financing statement or an amendment that provides a name  
28 of a debtor which was not previously provided in the financing statement to which the  
29 amendment relates, the record does not:

30 (A) Provide a mailing address for the debtor; **or**

31 (B) Indicate whether the **name provided as the name of the** debtor is **the name of** an  
32 individual or an organization[]; or



- 33 (C) If the financing statement indicates that the debtor is an organization, provide:  
34 (i) A type of organization for the debtor;  
35 (ii) A jurisdiction of organization for the debtor; or  
36 (iii) An organizational identification number for the debtor or indicate that the debtor has  
37 none];
- 38 (6) In the case of an assignment reflected in an initial financing statement under section  
39 400.9-514(a) or an amendment filed under section 400.9-514(b), the record does not provide a  
40 name and mailing address for the assignee; or
- 41 (7) In the case of a continuation statement, the record is not filed within the six-month  
42 period prescribed by section 400.9-515(d).
- 43 (c) For purposes of subsection (b):
- 44 (1) A record does not provide information if the filing office is unable to read or decipher  
45 the information; and
- 46 (2) A record that does not indicate that it is an amendment or identify an initial financing  
47 statement to which it relates, as required by section 400.9-512, 400.9-514 or 400.9-518, is an  
48 initial financing statement.
- 49 (d) A record that is communicated to the filing office with tender of the filing fee, but  
50 which the filing office refuses to accept for a reason other than one set forth in subsection (b),  
51 is effective as a filed record except as against a purchaser of the collateral which gives value in  
52 reasonable reliance upon the absence of the record from the files.
- 400.9-518. (a) A person may file in the filing office [a correction] **an information**  
2 statement with respect to a record indexed there under the person's name if the person believes  
3 that the record is inaccurate or was wrongfully filed.
- 4 (b) [A correction] **An information** statement **under subsection (a)** must:
- 5 (1) Identify the record to which it relates by the file number assigned to the initial  
6 financing statement to which the record relates;
- 7 (2) Indicate that it is [a correction] **an information** statement; and
- 8 (3) Provide the basis for the person's belief that the record is inaccurate and indicate the  
9 manner in which the person believes the record should be amended to cure any inaccuracy or  
10 provide the basis for the person's belief that the record was wrongfully filed.
- 11 (c) **A person may file in the filing office an information statement with respect to a**  
12 **record filed there if the person is a secured party of record with respect to the financing**  
13 **statement to which the record relates and believes that the person who filed the record was**  
14 **not entitled to do so under section 400.9-509(d).**
- 15 (d) **An information statement under subsection (c) must:**

16           **(1) Identify the record to which it relates by the file number assigned to the initial**  
17 **financing statement to which the record relates;**

18           **(2) Indicate that it is an information statement; and**

19           **(3) Provide the basis for the person's belief that the person who filed the record was**  
20 **not entitled to do so under section 400.9-509(d).**

21           **(e) The filing of [a correction] an information statement does not affect the**  
22 **effectiveness of an initial financing statement or other filed record.**

**400.9-801. For purposes of this section and sections 400.9-802 to 400.9-809, the**  
2 **phrase "this act" shall refer to sections 400.9-101 to 400.9-710.**

**400.9-802. (a) Except as otherwise provided in this part, this act applies to a**  
2 **transaction or lien within its scope, even if the transaction or lien was entered into or**  
3 **created before this act takes effect on July 1, 2013.**

4           **(b) This act does not affect an action, case, or proceeding commenced before this act**  
5 **takes effect.**

**400.9-803. (a) A security interest that is a perfected security interest immediately**  
2 **before this act takes effect is a perfected security interest under article 9 as amended by**  
3 **this act if, when this act takes effect, the applicable requirements for attachment and**  
4 **perfection under article 9 as amended by this act are satisfied without further action.**

5           **(b) Except as otherwise provided in section 400.9-805, if, immediately before this**  
6 **act takes effect, a security interest is a perfected security interest, but the applicable**  
7 **requirements for perfection under article 9 as amended by this act are not satisfied when**  
8 **this act takes effect, the security interest remains perfected thereafter only if the applicable**  
9 **requirements for perfection under article 9 as amended by this act are satisfied within one**  
10 **year after this act takes effect.**

**400.9-804. A security interest that is an unperfected security interest immediately**  
2 **before this act takes effect becomes a perfected security interest:**

3           **(1) Without further action, when this act takes effect if the applicable requirements**  
4 **for perfection under article 9 as amended by this act are satisfied before or at that time;**  
5 **or**

6           **(2) When the applicable requirements for perfection are satisfied if the**  
7 **requirements are satisfied after that time.**

**400.9-805. (a) The filing of a financing statement before this act takes effect is**  
2 **effective to perfect a security interest to the extent the filing would satisfy the applicable**  
3 **requirements for perfection under article 9 as amended by this act.**

4           **(b) This act does not render ineffective an effective financing statement that, before**  
5 **this act takes effect, is filed and satisfies the applicable requirements for perfection under**

6 the law of the jurisdiction governing perfection as provided in article 9 as it existed before  
7 amendment. However, except as otherwise provided in subsections (c) and (d) and section  
8 400.9-806, the financing statement ceases to be effective:

9 (1) If the financing statement is filed in this state, at the time the financing statement  
10 would have ceased to be effective had this act not taken effect; or

11 (2) If the financing statement is filed in another jurisdiction, at the earlier of:

12 (A) The time the financing statement would have ceased to be effective under the  
13 law of that jurisdiction; or

14 (B) June 30, 2018.

15 (c) The filing of a continuation statement after this act takes effect does not continue  
16 the effectiveness of a financing statement filed before this act takes effect. However, upon  
17 the timely filing of a continuation statement after this act takes effect and in accordance  
18 with the law of the jurisdiction governing perfection as provided in article 9 as amended  
19 by this act, the effectiveness of a financing statement filed in the same office in that  
20 jurisdiction before this act takes effect continues for the period provided by the law of that  
21 jurisdiction.

22 (d) Subsection (b)(2)(B) applies to a financing statement that, before this act takes  
23 effect, is filed against a transmitting utility and satisfies the applicable requirements for  
24 perfection under the law of the jurisdiction governing perfection as provided in article 9  
25 as it existed before amendment, only to the extent that article 9 as amended by this act  
26 provides that the law of a jurisdiction other than the jurisdiction in which the financing  
27 statement is filed governs perfection of a security interest in collateral covered by the  
28 financing statement.

29 (e) A financing statement that includes a financing statement filed before this act  
30 takes effect and a continuation statement filed after this act takes effect is effective only to  
31 the extent that it satisfies the requirements of Part 5 as amended by this act for an initial  
32 financing statement. A financing statement that indicates that the debtor is a decedent's  
33 estate indicates that the collateral is being administered by a personal representative within  
34 the meaning of section 400.9-503(a)(2) as amended by this act. A financing statement that  
35 indicates that the debtor is a trust or is a trustee acting with respect to property held in  
36 trust indicates that the collateral is held in a trust within the meaning of section 400.9-  
37 503(a)(3) as amended by this act.

400.9-806. (a) The filing of an initial financing statement in the office specified in  
2 section 400.9-501 continues the effectiveness of a financing statement filed before this act  
3 takes effect if:

4           (1) The filing of an initial financing statement in that office would be effective to  
5 perfect a security interest under article 9 as amended by this act;

6           (2) The pre-effective-date financing statement was filed in an office in another state;  
7 and

8           (3) The initial financing statement satisfies subsection (c).

9           (b) The filing of an initial financing statement under subsection (a) continues the  
10 effectiveness of the pre-effective-date financing statement:

11           (1) If the initial financing statement is filed before this act takes effect, for the period  
12 provided in unamended section 400.9-515 with respect to an initial financing statement;  
13 or

14           (2) If the initial financing statement is filed after this act takes effect, for the period  
15 provided in section 400.9-515 as amended by this act with respect to an initial financing  
16 statement.

17           (c) To be effective for purposes of subsection (a), an initial financing statement  
18 must:

19           (1) Satisfy the requirements of section 400.9-500 et. seq. as amended by this act for  
20 an initial financing statement;

21           (2) Identify the pre-effective-date financing statement by indicating the office in  
22 which the financing statement was filed and providing the dates of filing and file numbers,  
23 if any, of the financing statement and of the most recent continuation statement filed with  
24 respect to the financing statement; and

25           (3) Indicate that the pre-effective-date financing statement remains effective.

          400.9-807. (a) In this section, the term “pre-effective-date financing statement”  
2 means a financing statement filed before this act takes effect.

3           (b) After this act takes effect, a person may add or delete collateral covered by,  
4 continue or terminate the effectiveness of, or otherwise amend the information provided  
5 in a pre-effective-date financing statement only in accordance with the law of the  
6 jurisdiction governing perfection as provided in article 9 as amended by this act. However,  
7 the effectiveness of a pre-effective-date financing statement also may be terminated in  
8 accordance with the law of the jurisdiction in which the financing statement is filed.

9           (c) Except as otherwise provided in subsection (d), if the law of this state governs  
10 perfection of a security interest, the information in a pre-effective-date financing statement  
11 may be amended after this act takes effect only if:

12           (1) The pre-effective-date financing statement and an amendment are filed in the  
13 office specified in section 400.9-501;

14           (2) An amendment is filed in the office specified in section 400.9-501 concurrently  
15 with, or after the filing in that office of, an initial financing statement that satisfies section  
16 400.9-806(c); or

17           (3) An initial financing statement that provides the information as amended and  
18 satisfies section 400.9-806(c) is filed in the office specified in section 400.9-501.

19           (d) If the law of this state governs perfection of a security interest, the effectiveness  
20 of a pre-effective-date financing statement may be continued only under section 400.9-  
21 805(c) and (e) or 400.9-806.

22           (e) Whether or not the law of this state governs perfection of a security interest, the  
23 effectiveness of a pre-effective-date financing statement filed in this state may be  
24 terminated after this act takes effect by filing a termination statement in the office in which  
25 the pre-effective-date financing statement is filed, unless an initial financing statement that  
26 satisfies section 400.9-806(c) has been filed in the office specified by the law of the  
27 jurisdiction governing perfection as provided in article 9 as amended by this act as the  
28 office in which to file a financing statement.

**400.9-808.** A person may file an initial financing statement or a continuation  
2 statement under this part if:

3           (1) The secured party of record authorizes the filing; and

4           (2) The filing is necessary under this part:

5           (A) To continue the effectiveness of a financing statement filed before this act takes  
6 effect; or

7           (B) To perfect or continue the perfection of a security interest.

**400.9-809.** This act determines the priority of conflicting claims to collateral.  
2 However, if the relative priorities of the claims were established before this act takes effect,  
3 article 9 as it existed before amendment determines priority.

**400.2A-103.** (1) In this article unless the context otherwise requires:

2           (a) "Buyer in ordinary course of business" means a person who in good faith and without  
3 knowledge that the sale to him or her is in violation of the ownership rights or security interest  
4 or leasehold interest of a third party in the goods buys in ordinary course from a person in the  
5 business of selling goods of that kind but does not include a pawnbroker. "Buying" may be for  
6 cash or by exchange of other property or on secured or unsecured credit and includes receiving  
7 goods or documents of title under a preexisting contract for sale but does not include a transfer  
8 in bulk or as security for or in total or partial satisfaction of a money debt.

9           (b) "Cancellation" occurs when either party puts an end to the lease contract for default  
10 by the other party.

11 (c) "Commercial unit" means such a unit of goods as by commercial usage is a single  
12 whole for purposes of lease and division of which materially impairs its character or value on  
13 the market or in use. A commercial unit may be a single article, as a machine, or a set of articles,  
14 as a suite of furniture or a line of machinery, or a quantity, as a gross or carload, or any other unit  
15 treated in use or in the relevant market as a single whole.

16 (d) "Conforming" goods or performance under a lease contract means goods or  
17 performance that are in accordance with the obligations under the lease contract.

18 (e) "Consumer lease" means a lease that a lessor regularly engaged in the business of  
19 leasing or selling makes to a lessee who is an individual and who takes under the lease primarily  
20 for a personal, family, or household purpose, if the total payments to be made under the lease  
21 contract, excluding payments for option to renew or buy, do not exceed fifty thousand dollars.

22 (f) "Fault" means wrongful act, omission, breach, or default.

23 (g) "Finance lease" means a lease with respect to which:

24 (i) the lessor does not select, manufacture, or supply the goods;

25 (ii) the lessor acquires the goods or the right to possession and use of the goods in  
26 connection with the lease; and

27 (iii) one of the following occurs:

28 (A) the lessee receives a copy of the contract by which the lessor acquired the goods or  
29 the right to possession and use of the goods before signing the lease contract;

30 (B) the lessee's approval of the contract by which the lessor acquired the goods or the  
31 right to possession and use of the goods is a condition to effectiveness of the lease contract;

32 (C) the lessor (aa) informs the lessee in writing of the identity of the supplier, unless the  
33 lessee has selected the supplier and directed the lessor to purchase the goods from the supplier,  
34 (bb) informs the lessee in writing that the lessee may have rights under the contract evidencing  
35 the lessor's purchase of the goods, and (cc) advised the lessee in writing to contact the supplier  
36 for a description of any such rights, or

37 (D) the lease contract discloses all warranties and other rights provided to the lessee by  
38 the lessor and supplier in connection with the lease contract and informs the lessee that there are  
39 no warranties or other rights provided to the lessee by the lessor and supplier other than those  
40 disclosed in the lease contract.

41 (h) "Goods" means all things that are movable at the time of identification to the lease  
42 contract, or are fixtures as defined in Section 400.2A-309, but the term does not include money,  
43 documents, instruments, accounts, chattel paper, general intangibles, or minerals or the like,  
44 including oil and gas, before extraction. The term also includes the unborn young of animals.

45 (i) "Installment lease contract" means a lease contract that authorizes or requires the

46 delivery of goods in separate lots to be separately accepted, even though the lease contract  
47 contains a clause "each delivery is a separate lease" or its equivalent.

48 (j) "Lease" means a transfer of the right to possession and use of goods for a term in  
49 return for consideration, but a sale, including a sale on approval or a sale or return, or retention  
50 or creation of a security interest is not a lease. Unless the context clearly indicates otherwise,  
51 the term includes a sublease.

52 (k) "Lease agreement" means the bargain, with respect to the lease, of the lessor and the  
53 lessee in fact as found in their language or by implication from other circumstances including  
54 course of dealing or usage of trade or course of performance as provided in this Article. Unless  
55 the context clearly indicates otherwise, the term includes a sublease agreement.

56 (l) "Lease contract" means the total legal obligation that results from the lease agreement  
57 as affected by this Article and any other applicable rules of law. Unless the context clearly  
58 indicates otherwise, the term includes a sublease contract.

59 (m) "Leasehold interest" means the interest of the lessor or the lessee under a lease  
60 contract.

61 (n) "Lessee" means a person who acquires the right to possession and use of goods under  
62 a lease. Unless the context clearly indicates otherwise, the term includes a sublessee.

63 (o) "Lessee in ordinary course of business" means a person who in good faith and  
64 without knowledge that the lease to him or her is in violation of the ownership rights or security  
65 interest or leasehold interest of a third party in the goods leases in ordinary course from a person  
66 in the business of selling or leasing goods of that kind but does not include a pawnbroker.  
67 "Leasing" may be for cash or by exchange of other property or on secured or unsecured credit  
68 and includes receiving goods or documents of title under a preexisting lease contract but does  
69 not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

70 (p) "Lessor" means a person who transfers the right to possession and use of goods under  
71 a lease. Unless the context clearly indicates otherwise, the term includes a sublessor.

72 (q) "Lessor's residual interest" means the lessor's interest in the goods after expiration,  
73 termination, or cancellation of the lease contract.

74 (r) "Lien" means a charge against or interest in goods to secure payment of a debt or  
75 performance of an obligation, but the term does not include a security interest.

76 (s) "Lot" means a parcel or a single article that is the subject matter of a separate lease  
77 or delivery, whether or not it is sufficient to perform the lease contract.

78 (t) "Merchant lessee" means a lessee that is a merchant with respect to goods of the kind  
79 subject to the lease.

80 (u) "Present value" means the amount as of a date certain of one or more sums payable  
81 in the future, discounted to the date certain. The discount is determined by the interest rate

82 specified by the parties if the rate was not manifestly unreasonable at the time the transaction was  
83 entered into; otherwise, the discount is determined by a commercially reasonable rate that takes  
84 into account the facts and circumstances of each case at the time the transaction was entered into.

85 (v) "Purchase" includes taking by sale, lease, mortgage, security interest, pledge, gift, or  
86 any other voluntary transaction creating an interest in goods.

87 (w) "Sublease" means a lease of goods the right to possession and use of which was  
88 acquired by the lessor as a lessee under an existing lease.

89 (x) "Supplier" means a person from whom a lessor buys or leases goods to be leased  
90 under a finance lease.

91 (y) "Supply contract" means a contract under which a lessor buys or leases goods to be  
92 leased.

93 (z) "Termination" occurs when either party pursuant to a power created by agreement  
94 or law puts an end to the lease contract otherwise than for default.

95 (2) Other definitions applying to this article and the sections in which they appear are:

96

97 "Accessions". Section 400.2A-310(1).

98 "Construction mortgage". Section 400.2A-309(1)(d).

99 "Encumbrance". Section 400.2A-309(1)(e).

100 "Fixtures". Section 400.2A-309(1)(a).

101 "Fixture filing". Section 400.2A-309(1)(b).

102 "Purchase money lease". Section 400.2A-309(1)(c).

103

104 (3) The following definitions in other articles apply to this article:

105

106 "Account". Section 400.9-102(a)(2).

107 "Between merchants". Section 400.2-104(3).

108 "Buyer". Section 400.2-103(1)(a).

109 "Chattel paper". Section 400.9-102(a)(10).

110 "Consumer goods". Section 400.9-102(a)(22).

111 "Document". Section 400.9-102(a)(29).

112 "Entrusting". Section 400.2-403(3).

113 "General intangible". Section 400.9-102(a)(41).

114 "Good faith". Section 400.2-103(1)(b).

115 "Instrument". Section 400.9-102(a)(46).

116 "Merchant". Section 400.2-104(1).

117 "Mortgage". Section 400.9-102(a)(54).



118 "Pursuant to commitment". Section 400.9-102(a)([68] 67).  
119 "Receipt". Section 400.2-103(1)(c).  
120 "Sale". Section 400.2-106(1).  
121 "Sale on approval". Section 400.2-326.  
122 "Sale or return". Section 400.2-326.  
123 "Seller". Section 400.2-103(1)(d).

124

125 (4) In addition article 1 contains general definitions and principles of construction and  
126 interpretation applicable throughout this article.

400.4A-108. **(a) Except as provided in subsection (b),** this article does not apply to  
2 a funds transfer any part of which is governed by the Electronic Fund Transfer Act of 1978 (Title  
3 XX, Public Law 95-630, 92 Stat. 3728, 15 U.S.C. Section 1693, et seq.) as amended from time  
4 to time.

5 **(b) This article applies to a funds transfer that is a remittance transfer as defined**  
6 **in the Electronic Funds Transfer Act (15 U.S.C. Section 1693o-1) as amended from time**  
7 **to time, unless the remittance transfer is an electronic funds transfer as defined in the**  
8 **Electronic Funds Transfer Act (15 U.S.C. Section 1693a) as amended from time to time.**

9 **(c) In a funds transfer to which this article applies, in the event of an inconsistency**  
10 **between an applicable provision of this article and an applicable provision of the**  
11 **Electronic Funds Transfer Act, the provision of the Electronic Funds Transfer Act governs**  
12 **to the extent of the inconsistency.**

✓